



MINISTRY OF TRANSPORT

Highland Transport
Enquiry

Bus Services in the
Highlands and Islands



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HIGHLAND TRANSPORT ENQUIRY

Report

To the Rt. Hon. Ernest Marples, M.P.
Minister of Transport

Report on Bus Services in the Highlands and Islands

Origins of the Enquiry

1. This Report deals with bus services in the Highlands and Islands but since it is the Enquiry's first Report it should be prefaced by a brief account of our general remit and organisation.

2. On 11th June, 1959 the then Parliamentary Secretary to the Ministry of Transport and Civil Aviation wrote to the Chairman of the Scottish Transport Council drawing attention to a recent suggestion made to the Secretary of State by the Advisory Panel on the Highlands and Islands that they should examine Highland transport problems 'in particular the consequences of the present competition between sea and air and rail and road.' The Parliamentary Secretary's letter continued:—

'The proposal which we and the Secretary of State would like to put to you is therefore that the Scottish Transport Council, in conjunction with the Advisory Panel on the Highlands and Islands, should now undertake the study of the existing transport services in the highlands, the probable trends in the development of and the demands for, different means of transport, and the possible methods of securing adequate facilities in future. You would, of course, have regard to the need to avoid unnecessary duplication of unremunerative services.'

3. The Parliamentary Secretary also referred to the then recently appointed enquiry into rural bus services throughout Great Britain and invited the Highland Transport Enquiry to co-operate with that Committee.

Membership

4. Membership of the Enquiry comprises two representatives of the Scottish Transport Council and two of the Advisory Panel on the Highlands and Islands in addition to the Chairmen of both bodies who act as Joint Chairmen to the Enquiry. To facilitate its progress the Enquiry is assisted by a Working Party of officials of British Railways, the Scottish Bus Group, British Road Services, British European Airways, David MacBrayne Ltd., the Department of Agriculture and Fisheries for Scotland, the Scottish Home Department and the Ministry of Aviation. The views expressed in this report are of course the views of the members of the Enquiry alone. The membership of the Enquiry and the Working Party are given in the Appendix.



Scope of this Report

5. In view of the work of the Committee on Rural Bus Services, we have given special attention to the bus transport aspect of Highland communications, and this is the scope of this present Report. We do not deal here with the parts which rail, air and sea may respectively play in Highland and Island communications in the future: and they will be the subject of further reports which we will submit as soon as possible.

6. The relevant part of the Parliamentary Secretary's letter of 11th June, 1959, commenting on the work which the Enquiry might undertake on Highland bus services, said:—

‘I should make it clear that the Government recognise that there are special factors affecting road services in the Highlands and Islands which do not exist elsewhere in the country. The institution of the Committee of Enquiry into rural bus services generally does not mean that the inquiry we are suggesting your council might undertake with the Advisory Panel should exclude buses. Bus services would fall to be taken in as part of the general picture of transport in the Highlands and Islands, in the light of the special local circumstances. At the same time, the Committee of Enquiry into rural bus services will doubtless wish to take account of the special problems of the Highlands and Islands as part of the general picture of rural bus services throughout the country. We would propose to leave it to you and your Council to decide with the Bus Inquiry Committee how the study of bus services in the Highlands can best be undertaken, and what the arrangements for consultation between the two bodies should be.’

These comments have governed our approach.

7. The Great Britain Committee let us have the written evidence submitted to them which had a hearing on Highland conditions. We in turn submitted to the Committee a memorandum we had prepared about the nature of the Highland bus problem and the solutions which we had in mind to recommend. This memorandum was discussed at a meeting on 24th November, 1960 between the Chairman and one of the Scottish members of the Great Britain Committee and the Joint Chairmen of our Enquiry. We were also given advance information about the contents of the Committee's report, and this we studied closely.

8. In addition to the written evidence relevant to the Highlands which was given to the Great Britain Committee, including evidence from the Scottish Regional Traffic Commissioner, we received memoranda direct from the Scottish Bus Group and Messrs. David MacBrayne Ltd. We also obtained the views of the Highland and Island County Councils on the general adequacy of bus services in their areas. We were greatly assisted in our work by a thorough and detailed review of bus services in the mainland Highlands and the Western Isles prepared by Mr. W. I. Skewis, B.Sc. of the Geography Department of Glasgow University. We would like to record our high opinion of Mr. Skewis's work and of its value to us.

9. The Enquiry meets in Edinburgh but for this part of our work representatives have visited Lewis and Harris, Argyll, Ross-shire and Sutherland to obtain firsthand information about the bus problem in those areas.

10. Our report is necessarily related to the findings of the Great Britain Committee, but, before commenting on these, we should first indicate the distinctive features of the bus problem in the Highland area. These arise from Highland geography and population distribution; the arterial nature of many of these services and the much lesser extent compared with elsewhere in Scotland to which arterial bus services on any strict accounting are able to be sustained by their traffic alone; the arrangements whereby Government subsidy helps sustain the bus undertaking of David MacBrayne Ltd.; and the degree of assistance from the Post Office by way of mail contracts.

Effect of Highland Geography and Population Distribution

11. The Highlands and Islands cover nearly half the area of Scotland, but have a population of 275,000 or only about 5 per cent of the total population of the country. Much of the coast line is indented by sea lochs and a great deal of the mainland and the sixty or so inhabited islands which vary in size and population from Lewis with its 20,000 of population to some with only a score of people left, is mountainous or barren. Communities are in the main far apart from each other, and population is very sparse. In such an area the revenue potential of bus services is bound to be small particularly so in relation to the distance to be covered and in the Highlands there is no large group of remunerative services, such as one finds in urban areas further south, from which unremunerative services can be assisted. In addition, the mountainous character of the country and the condition of many of the roads adds considerably to running costs and maintenance and replacement charges—tyre mileages, for example, are low and petrol consumption tends to be high.

12. By and large in the Highlands people live near their work; the 'journey to work' which the Great Britain Committee found to be important in maintaining revenue is a source of revenue mostly denied to Highland operators. Furthermore, bus services are to a very considerable extent once a day services with long lay-over periods during which the bus—and its driver—is in enforced idleness. Fuel and spares and other requisites are all subject to additional transport costs on their conveyance from the South. Lastly, almost all the evidence we have had stresses the competition from private cars. Almost everyone who is able to do so provides his own form of transport. There were in 1959 nine persons per car or motor cycle throughout the Highland area, but if allowance is made for the generally lower number of vehicles per head of population in the burghs, the considerable number of goods vehicles (whether of farmers or of others) which also act as private passenger transport, and the extent to which 'private passenger transport' is increasing yearly, then the extent of the present 'competition' to established bus services can be appreciated. And in closely knit Highland and Islands communities perhaps even more than in the Lowlands, neighbourliness ensures that a private car on a journey to town is filled with passengers who might otherwise go by bus.

The Nature of Highland Bus Services

13. Bus services in the Highland area are provided by a variety of undertakings and operators. David MacBrayne Ltd. provide long distance services from Glasgow to Campbeltown and from Glasgow to Fort William and Inverness, and maintain a large number of local services on the mainland of Argyllshire

and of Inverness-shire and in the islands of Islay, the Uists and Skye. The Scottish Bus Group (i.e. the group of bus companies operating throughout Scotland and owned by the British Transport Commission) provide a substantial part of Highland services through one of these subsidiaries, Highland Omnibuses Ltd., who operate generally between Inverness and Thurso and through other companies in the Group who provide services to Oban from Glasgow and (in summer) to Inverness from Edinburgh. Smaller but still substantial companies provide services throughout these areas and in Sutherland, Lewis and Harris, Argyll, Orkney and Shetland; and small operators working one bus, or a very few buses, are found in most parts of the mainland and in almost all the Islands. Mr. Skewis estimates that in the area which he has examined*, 40 per cent of the private operators were one-man concerns.

14. Of the bus routes in the mainland Highlands and the Western Isles, nearly half of the route miles feed and distribute from railheads or pier heads usually on daily (week-day) services. When to these are added the 'trunk routes', then the proportion of routes that are to be regarded as transport arteries rather than local services rises to over two thirds of the route mileage. We would like to draw special attention to the implications of these statistics. From Lairg to the north-west coast of Sutherland is 50 miles, from Stornoway to Rodel in Harris is 60 miles, from Fort William to Ardnamurchan is nearly 60 miles. If these services were to go out of existence then large stretches of the Highlands would lack any form of public passenger transport for the conduct of every-day business or shopping or for such common requirements as hospital or dental treatment; or even for the traditional movement to and fro in connection with employment away from home, in the merchant navy, for example, or in the nursing services.

Assistance to Bus Services

15. Messrs. David MacBrayne Ltd. are in receipt of an annual grant from the Government in terms of a contract of 1952** between the Minister of Transport, the Postmaster General and the Company for the maintenance of transport services by sea and by road in the Western Highlands and Islands. Government assistance to MacBrayne's as a sea and road transport undertaking has been continuous since 1928. MacBrayne's are primarily a shipping company, but their grant is in respect of the whole MacBrayne undertaking and administration of the Company's sea and bus services is undertaken by the one management. It should be observed that 25 of the Company's 36 stage services are run at an operating loss. Overall, the Company's operating profit on bus services for 1959 was £20,916, but this was before taking into account depreciation (which alone came to £24,512) and overheads. It is clear that if that part of the Company's administration costs and other overheads which pertain to bus services is taken into account then the MacBrayne bus undertaking is quite unremunerative; and that if the MacBrayne bus undertaking had to stand on its own feet many of its services could not be maintained.

* Argyllshire, Inverness-shire, Ross and Cromarty, Sutherland, Caithness, West Perthshire, West Dunbartonshire and Bute.

** Cmd. 151.

16. Assistance to Highland bus services is also provided by a certain amount of cross subsidy within Highland Omnibuses Ltd. and by indirect assistance from other parts of the Scottish Bus Group. Highland Omnibuses Ltd. are at present running at a small but increasing operating loss which is borne by the British Transport Commission, who also forgo their interest on capital. We are informed that outside the burgh of Inverness 80 per cent of their stage routes are on a strict accounting unremunerative. The Company benefits from its association with the Scottish Bus Group in such matters as the acquisition of vehicles and Group bulk buying, but if they were required to provide a commercial return on the capital invested they would have to shed a considerable number of unremunerative services. Assistance by cross-subsidy is of course by no means peculiar to the Highlands. We are told, indeed, that the Scottish Bus Group as a whole carry 355 unremunerative services out of the total of 747 services that they provide. Their remunerative services enable them to do this and still return a substantial overall profit.

17. Mail contracts (i.e. contracts for the conveyance of mail bags) are not awarded in Orkney and Shetland or in Lewis or Harris; but MacBrayne's carry mail on 24 of their 36 stage services and nearly a quarter of the annual payment (presently £342,000) they receive from the Government by contract is in respect of mails* and in Wester Ross and Sutherland mail contracts are the mainstay of the local services and provide a heavy proportion of the value of the total traffic carried. Some of the buses on these services have been specially adapted for the conveyance of mail and, especially in winter, they are more in the nature of mail and parcels vehicles conveying the occasional passenger than passenger vehicles carrying mails. In making general use of buses for the conveyance of mail the Post Office have done a great deal to sustain services in the mainland Highlands. Mail contracts are, of course, awarded outwith the Highland area but it may be that nowhere else are operators so reliant on these contracts.

18. Last of these 'external' supports of Highland bus services are the contracts for the conveyance of school children. It has been made very clear to us that, but for the steady income that these school contracts give, many stage service operators could not continue.

Criticism of Services

19. In the main, local authorities have reported in their evidence to us that people are 'reasonably satisfied' or that services are 'adequate', in summer at least if not in winter, or that services are 'as good as can be expected'. Such comments are not to be taken as showing that there are no complaints about services, but many of the complaints that have been made refer to difficulties that can and should be solved locally, and many of them represent inconveniences rather than hardship. There are few areas in the Highlands where bus services are absent altogether.

20. The evidence suggests that the prospect for the future is much less satisfactory. It is assumed of course that direct Government assistance will still be available to maintain the essential but unremunerative services provided

* but by far the greater part of this is in respect of mail conveyance by sea.

by David MacBrayne Ltd. But Highland Omnibuses Ltd., as mentioned above are now operating at a loss, and this is carried by the Scottish Bus Group, who in the area of Highland Omnibuses Ltd. forgo their interest on capital. The Chairman of the Group has told us that the limit may shortly be reached to the extent to which this ought to continue. Indeed the Great Britain Committee were told both by the British Transport Commission and by the Scottish Road Passenger Transport Association of the increasing difficulty of maintaining unprofitable services throughout Great Britain in the face of declining traffic and increasing costs, even on routes hitherto profitable. It seems to be equally true that the smaller operators are finding it increasingly difficult to continue, and it must be doubted whether many of these too will be able to maintain their present services without assistance. The evidence given to the Great Britain Committee from the Scottish area of the Passenger Vehicle Operators Association Ltd. shows that a considerable number of the smaller bus services are in a precarious state; and this is supported by the evidence which individual small concerns in the Highlands have given to us direct. It is clear that many of these operators could not have continued until now but for mail and school contracts and but for the association of some bus services with other businesses such as garages and hotels. We have already noted that forty per cent. of the present small operators in the Highlands are 'one man' services and this may well account for the fact that so many continue in circumstances that an ordinary commercial concern would find completely unremunerative. The picture is not, of course, entirely black. Some of the smaller and medium-sized operators have developed a thriving business, as often as not in connection with some other undertaking, such as a hotel or a goods service, and we have noted that some of the most successful results have come to those who have promoted a parcels trade and have adapted their buses for this purpose. Yet even the parcels traffic faces competition from tradesmen's vans. The development of the tourist trade should also help, though it is likely to benefit primarily the larger operators who can provide extended tours originating in the Lowlands, and the operators providing day tours from the established holiday centres.

21. In general, therefore, very many bus services in the Highlands, are, on any strict accounting, likely to be uneconomic because of the extent and nature of the area to be covered and the sparsity of population. Like the Great Britain Committee we have no difficulty in finding that the economics of bus services are worsening mainly because of increasing competition from private transport and, as the numbers of private cars increase, so the problems of bus operators will grow. As a result many of the present services are able to continue only because they are subsidised, directly or indirectly, or because, meantime, they are able to carry a loss; and there is a growing risk that some services may have to close if they are not assisted. We do not suggest that all the present services must be perpetuated. Highland bus services, and other forms of Highland transport, are at a transitional stage, and as the need for transport is met by private cars and otherwise, particular stage services may become unnecessary as well as unremunerative. There will, however, always be at any one point of time a 'fringe' of services that are still necessary though completely uneconomic, and the maintenance of these services constitutes one part of the problem. The other part concerns the provision and future maintenance of an arterial or trunk system, which will not only provide services on

the main Highland routes, but will provide also for through hooking and transport of both passengers and their luggage, in conjunction with the rail, sea and air services to the Highland terminals. We consider that the provision of such a system is one of the greatest importance to the Highlands. Since changes are likely to take place in rail, sea and air services as well as in road services the relationship between all four is likely to be fluid, and whether one contemplates the local Highland bus services or the Highland transport system as a whole any measures adopted must be flexible enough to take into account the transitional nature of the present problem and the likelihood of changes in the future.

Solutions Considered by the Great Britain Committee

22. We now turn to the solutions to the rural bus problem to which the Great Britain Committee considered. These were (1) the Licensing System (2) wider use of the Minibus, the village carrier, the postal bus and the school contract (3) reduction in costs and increases in fares (4) remission of fuel tax and (5) direct financial aid through County Councils.

The Licensing System

23. From our Highland standpoint we concur with the view of the Great Britain Committee that the Licensing System does not now offer any prospect of a solution to the rural bus problem. In the past the Traffic Commissioners with the co-operation of operators, have gone far towards meeting the needs of the Highlands and Islands because there has hitherto been a number of relatively profitable routes from which cross-subsidisation could be provided; it has been possible to persuade bus operators to run unremunerative services out of the profits made on remunerative ones. With the shrinkage in the number of remunerative services this solution must cease to be an adequate answer, and the scope for it in future is unclear. An operator may have been persuaded to run an unremunerative service when he applied for a licence to operate a profitable service, but the licence having been granted he cannot be forced to continue to operate the unremunerative service. Hitherto many operators in the Highland area have shown a general and commendable reluctance to shed unremunerative services but it cannot be assumed that in future it will be possible for the Traffic Commissioners to persuade operators to support such services as a condition of licence, as it has been in the past.

The Minibus

24. Some of the smaller operators who have introduced the Minibus have told us that, as in the rest of the country, the Minibus by itself does not offer any general solution to the bus problem since it does not answer the problem of the regular peak loads. However, the relaxation of the Public Service Vehicle Regulations, which has made possible the introduction of the Minibus*, should be continued, since this kind of vehicle has undoubtedly a certain place in the pattern of Highland bus services.

* S.I. 1958. Nos. 472 & 473.

The Village Carrier

25. We also agree with the Great Britain Committee's view that no general solution lies in associating bus services with the activities of the village carrier. In the Highlands the local bus is to some extent already the 'village carrier', and we should certainly like to see more enterprise shown in the development of the parcels trade. We recognise, however, that there is a limit to the extent to which this can be done. Throughout the Highlands area goods are distributed from local centres by road vehicles, and merchants' vans are already severe competitors for the parcels trade carried by the buses.

The Postal Bus

26. There does seem to be some scope for more association of bus and postal services. We have already acknowledged the considerable help given to bus services in the mainland Highlands by the award of Post Office contracts for the conveyance of mail. Occasionally, too, the local bus is authorised to collect and deliver mail en route. But the Post Office make little use of bus services for these purposes in the islands of the Hebrides, Orkney and Shetland because they consider that to do so would cause an unacceptable delay. The efficiency of the arrangements for the distribution of mail by the Post Office is widely valued; and it may well be that only a minority in some communities would benefit from a bus service whereas the majority would lose from a later distribution of mail. Nevertheless it is desirable that there should be reliable and regular minimum bus passenger services where they are essential and we consider that the Post Office should be prepared to help by the award of mail contracts. Some delay in the distribution of mail might result but, unless the delay is entirely unreasonable, we think that the community should be prepared to accept it. We have also considered the possibility of more local bus services undertaking the distribution and uplifting of mail, as already happens in a few instances. The Post Office have told us that there is no real scope for this kind of arrangement, since the distribution of mail in rural areas sometimes means a considerable number of circuitous journeys. We do not think that this is always true of the Highlands where it frequently happens that population is strung out at intervals along the only line of communication; for example along a road up a glen or by the side of a loch and we think that this measure too should be more widely adopted.

27. The Great Britain Committee have also made what seems to us to be the interesting and valuable suggestion that postal vans should be adapted for the carriage of passengers. It may well be that the kind of minimum passenger facility which passenger seats in Post vehicles operated either by the Post Office or on their behalf would give is (or will come to be) all that is needed as a service of last resort in many rural areas in the Highlands.

28. We would therefore like to give our support to the recommendation of the Great Britain Committee that the Post Office should be invited to reconsider the extent to which mail at present carried in Post Office vans could be passed over to buses; and that they should reconsider the possibility of allowing fare-paying passengers to travel in Post vehicles where there are no reasonable alternative services available.

29. The Great Britain Committee also suggest that local education authorities should give preference to established stage operators in the award of contracts for the conveyance of school children. It has been made very clear to us that but for school contracts many stage service operators in the Highland area could not continue. We certainly agree that it is in the public interest that local education authorities should be enjoined to take account of the general stage bus services in their areas when awarding contracts for the conveyance of school children.

Costs and Fares

30. It hardly needs to be said that every effort should be made by operators to reduce costs and operate efficiently, and that charges should be subject to reasonable increases. But it would be too simple to believe that these methods alone are likely to provide a solution. We doubt whether there is any scope for substantial reduction in operating costs in the Highland area. Driver/conductor operation is widespread in MacBrayne's services and general amongst the smaller operators. This arrangement does not at present apply in Highland Omnibuses Ltd. but the Company hope that negotiations now taking place with the Unions on the subject will be completed at an early date. Fares have recently been increased both on the services of MacBrayne's and Highland Omnibuses Ltd. but—apart from the fact that fares are controlled by the Regional Traffic Commissioner—operators have to stop short of the point where increases bring a diminishing return and it must be remembered everywhere bus operators are in competition with private motoring and private hire arrangements of one kind or another.

Fuel Tax

31. We note the view of the majority of the Great Britain Committee that remission of fuel tax by itself would not provide an effective answer to the rural bus problem. On the face of it a considerable benefit would accrue to Highland operators. The annual amount of fuel tax paid by MacBrayne's and Highland Omnibuses Ltd. for example are at present £24,640 and £41,000 respectively. Other things remaining equal, a tax rebate to these two Highland bus companies would go far to meet their deficits, and it would appear that the same would be true for other operators. This assistance could be administered by granting a rebate of tax against stage mileage, since it should not be necessary to assist bus excursions or tours. There are of course many arguments against helping bus services in this way. It would undoubtedly provoke claims from other undertakers. It would have a 'blanket' effect, so that while in some cases it might not go all the way to make a service profitable, in others it might merely increase profits. Moreover, as the majority of the Great Britain Committee pointed out, the relief would be a palliative only, and might be overtaken by the combined effect of rising costs and increasing competition. We cannot conclude therefore that assistance by way of tax rebate would provide a permanent solution to the problem, but it would provide a solution for a period of years at least.

Financial Aid from County Councils

32. The solution adopted by the majority of the Great Britain Committee was direct financial aid, and we have considered their proposal that county councils should be empowered to assist unremunerative bus services out of rates, with the help of an Exchequer grant. This raises the question of the willingness and ability of Highland county councils to assume this new responsibility. A very considerable proportion of the cost of subsidy would in fact be carried by the Exchequer through direct grant and through Exchequer Equalisation Grant. Nevertheless a considerable financial and administrative responsibility would remain with the local authorities. How great it might become is difficult to judge since it depends largely on future Government policy towards the nationalised bus undertakings. If for example Highland Omnibuses Ltd. and the bus undertaking of David MacBrayne Ltd. were stripped of their unremunerative routes in order to make the whole concern profitable and if the local authority were then expected to support the abandoned routes by subsidy; or if the small operators who lack the nourishment of profitable routes and are experiencing real difficulty were to go out of business while there remained communities to be served; or if the Post Office were to adopt a more stringent, commercial attitude towards the award of mail contracts (and in this connection we take note of the greater commercial freedom proposed for the Post Office); then the responsibility, both financial and administrative, which might devolve on the Highland local authorities could indeed be very heavy. And if MacBrayne's and Highland Omnibuses Ltd. were not permitted to discard their unremunerative services, then the anomalous result would be that one local authority would be relieved of the responsibility of supporting unremunerative services which its neighbour would have to assume.

33. Lastly, as we have mentioned, many Highland bus services are long distance arterial services and they may run across county boundaries. Agreement between local authorities about the apportionment of subsidy to these services may not easily be attained. Thus a bus service operating between Dingwall and Kyle of Lochalsh would operate wholly in Ross-shire and on this account would presumably fall to be subsidised (if unremunerative) by Ross and Cromarty County Council. But Kyle is the point of entry to Skye which lies in Inverness-shire and the bus service might be of greater benefit to the people of Skye than to the population of Ross-shire. This kind of problem could produce difficulties and in our view would be better avoided.

34. We are, then, of opinion that the 'local authority' solution to the rural bus problem, proposed by the Great Britain Committee is not a suitable solution to the bus problem in the Highlands and Islands.

Solution Proposed by the Enquiry

35. We have indicated that many of the Highland bus routes are already directly or indirectly subsidised, through MacBrayne's and Highland Omnibuses Ltd.; that mail contracts help others and that school contracts are of great assistance to many. Since subsidy has enabled so many essential and unremunerative services to be maintained with reasonably satisfactory results so far, we think it should be continued and extended as necessary. Exchequer assistance to MacBrayne's bus services will presumably be continued under any new contract with the Secretary of State. The essential services of Highland Omnibuses Ltd. should also continue to be assisted, whether by cross-subsidisation from the more profitable routes of that Company, as hitherto, or, if the Company as a whole is unable to run at a profit, by Exchequer assistance. That would seem to be in line with the views of the Select Committee on Nationalised Industries, e.g. in their Report on British Railways, 1960, paras. 424-5.

36. We also think that assistance from central funds should be contemplated, as necessary, to support services by other stage carriage operators throughout the Highland area, provided that the need for assistance can be established and that the service can be shown to be essential. We think that such assistance, as to MacBrayne's, should be in the form of a contract, and that to eliminate unreasonable offers any unremunerative services which are in danger of being abandoned but are considered essential should be put out to tender. We think it likely that, if this system were adopted, there would be a sufficiency of operators capable of providing the services required. In awarding contracts it would also be desirable that regard should be had not only to the tenders offered but also to the development of the main arterial routes and the interests of the tourist industry. It may sometimes be that this can be done more effectively by the bigger company.

37. To put this solution into effect there should be one body or authority charged with the duties of determining whether a bus service is essential and the extent to which it requires financial assistance, and of awarding contracts to enable essential services to be maintained. Such duties call for experience in assessing the capacity and financial situation of the operators concerned and the needs of local communities. They would also call for knowledge of the other transport facilities serving the area.

38. For the reasons we have already set out, we have reached the conclusion that local authorities should not be asked to assume responsibilities for bus services in the Highlands, nor does the task we envisage in the preceding paragraph come within the scope of the Scottish Transport Council or the Scottish Transport Users' Consultative Committee which are advisory and not executive bodies. The task is also beyond the present scope of the Traffic Commissioners, whose executive and quasi-judicial functions do not extend beyond road transport although they do, to some extent, coincide with the duties we have in mind.

39. As indicated above, the new body we envisage should have a knowledge of transport services in the Highland area. As we complete our review of Highland transport, we will return to the point that it may now be desirable

that there should be one body charged with the duty of exercising general oversight of public transport services in the Highlands and Islands and of the bearing of developments in one form of transport upon the role of others. As each form of transport develops it cannot but have repercussions on other forms of transport. In a peripheral area such as the Highlands with a limited traffic potential, if wasteful expenditure of public money is to be avoided it may be necessary to have effective arrangements to provide for the co-ordination of all forms of public transport.

Summary of Findings

Characteristics of Highland Bus Services

40. Highland geography and population distribution ensure that the revenue potential of bus services is small particularly in relation to the distances to be covered. There is no large group of remunerative services from which unremunerative services can be assisted. The mountainous character of the country and the condition of many of the roads add considerably to running costs and maintenance and replacement charges. (Para. 11)

41. The 'journey to work' is a source of revenue mostly denied to Highland operators. There is strong and increasing competition from private cars. Almost everyone who is able to do so provides his own form of transport. (Para. 12)

42. Bus services in the Highland area are provided by a variety of undertakings and operators. The two larger concerns are David MacBrayne Ltd. and Highland Omnibuses Ltd. Smaller but still substantial companies provide services in several areas. Operators working one bus, or a very few buses, are found in most parts of the mainland and in almost all the islands. (Para. 13)

43. The proportion of routes that are to be regarded as transport arteries rather than local services comprise over two thirds of the route mileage. (Para. 14)

Present Assistance to Bus Services

44. MacBrayne's are in receipt of an annual grant from the Government for the maintenance of transport services by sea and by road in the Western Highlands and Islands. This grant is in respect of the whole MacBrayne undertaking including their bus services. If the MacBrayne bus undertaking had to stand on its own feet many of its services could not be maintained. (Para. 15)

45. Highland Omnibuses Ltd. benefit from indirect assistance from other parts of the Scottish Bus Group, and are at present running at a small but increasing operating loss which is borne by the British Transport Commission, who also forgo their interest on capital. (Para. 16)

46. Mail contracts are not awarded in Orkney and Shetland or in Lewis or Harris; but MacBrayne's carry mail on many of their stage services. In Wester Ross and Sutherland mail contracts are the mainstay of the local services. In making such general use of buses for the conveyance of mail the Post Office have done a great deal to sustain services in the mainland Highlands. (Para. 17)

47. School contracts give many stage service operators a steady income without which they could not continue. (Para. 18)

The Prospect for Highland Bus Services

48. There are at present few areas where bus services are absent altogether but the prospect for the future is much less satisfactory. Highland Omnibuses Ltd. may have reached the limit of the extent to which they can be assisted by the rest of the Group. Many smaller operators are finding it increasingly difficult to continue, but some have developed a thriving business, often in connection with some other undertaking, or in conjunction with a parcels trade. The development of the tourist trade is likely to benefit primarily the larger operators. (Paras. 19 and 20)

49. There is a growing risk that some essential services may have to close if they are not assisted. All the present services need not be perpetuated. As the need for transport is met by private cars and otherwise, particular stage services may become unnecessary as well as unremunerative. There will, however, always be at any one point of time a 'fringe' of services that are still necessary though completely uneconomic. (Para. 21)

Solutions Considered by the Great Britain Committee

50. We agree with the Great Britain Committee that the Licensing System does not offer any prospect of a solution to the rural bus problem; that the relaxation of the Public Service Vehicle Regulations, which has made possible the introduction of the Minibus, should be continued; and that no general solution lies in associating bus services with the activities of the village carrier. We also agree that there does seem to be some scope for more association of bus and postal services and that the Post Office should be invited to reconsider the extent to which mail at present carried in Post Office vans could be passed over to buses; and that they should reconsider the possibility of allowing fare-paying passengers to travel in Post vehicles where there are no reasonable alternative services available. (Paras. 23-28)

51. We agree that local education authorities should be enjoined to take account of the general stage bus services in their areas when awarding contracts for the conveyance of school children. (Para. 29)

52. We note the view of the majority of the Great Britain Committee that remission of fuel tax by itself would not provide an effective answer to the rural bus problem. We cannot conclude that assistance by way of tax rebate would provide a permanent solution to the bus problem in the Highland area, but it would provide a solution for a period of years at least. (Para. 31)

53. We do not agree with the solution adopted by the majority of the Great Britain Committee that county councils should be empowered to assist unremunerative bus services out of rates, with the help of an Exchequer grant, in view of the magnitude of the responsibility, both financial and administrative, which might devolve on the Highland local authorities, the anomalies which might result, and the difficulties of apportioning assistance to longer distance services which run across county boundaries. (Paras. 32 and 33)

Solution Proposed by the Enquiry

54. Subsidy should be continued and extended as necessary. Exchequer assistance to MacBrayne's bus services will presumably be continued under any new contract with the Secretary of State. The essential services of Highland Omnibuses should continue to be assisted either through the Scottish Bus Group or by direct subsidy. (Para. 35)

55. Assistance from central funds should also be contemplated to support services by other stage carriage operators throughout the Highland area, provided that the need for assistance can be established and that the service can be shown to be essential. In awarding contracts regard should be had not only to the tenders offered but also to the development of the main arterial routes and the interests of the tourist industry since it may sometimes be that this can be done more effectively by the bigger company. (Para. 36)

56. To put this solution into effect there should be one body or authority charged with the duties of determining whether a bus service is essential and the extent to which it requires financial assistance and of awarding contracts to enable essential services to be maintained. This body should also have a knowledge of other transport facilities serving the area. This body could not appropriately be the local authorities, the Scottish Transport Council or the Scottish Transport Users' Consultative Committee. It may be necessary to have effective arrangements to provide for the co-ordination of all forms of public transport in the Highlands and Islands. (Paras. 37, 38 and 39)

C. J. D. SHAW (*Joint Chairman*)

HUGHES

THOMAS G. ROBINSON

ROBERT TAYLOR

JOHN CAMERON (*Joint Chairman*)

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BUS SERVICES IN THE HIGHLANDS AND ISLANDS.

Erratum

Page 8. Footnote **

For Cmd 151 read HC 151 of 1951-52.

Ministry of Transport,
December 1961.

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